

TOWNSHIP OF DALTON
MUSKEGON COUNTY, MICHIGAN

FINANCIAL STATEMENTS

MARCH 31, 2008

DALTON TOWNSHIP MUSKEGON COUNTY
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Dalton Township Board
Muskegon County, Michigan

Independent Auditor's Report

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Dalton Township, Muskegon County, Michigan, as of and for the year ended March 31, 2008 which collectively comprise the township's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of Dalton Township's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Dalton Township, as of March 31, 2008 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The required supplementary information as identified in the Table of Contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries to management regarding the methods of measurements and the presentation of supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Dalton Township's basic financial statements. The accompanying supplemental financial information is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements, taken as a whole.

Dalton Township has not presented the management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Richard B. Parker, CPA, PC

Certified Public Accountant

September 22, 2008
Holton, Michigan

DALTON TOWNSHIP
Government-Wide Statement of Net Assets
March 31, 2008

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Current Assets -			
Cash and cash equivalents	\$ 670,480	\$ 753,418	\$1,423,898
Investments	245,014	-	245,014
Special assessments receivable	19,371	190,521	209,892
Taxes receivable	61,021	-	61,021
Accounts receivable	83,991	5,747	89,738
Due from other fund	7,368	-	7,368
Noncurrent Assets -			
Capital assets, net of accumulated depreciation	<u>1,169,139</u>	<u>2,678,842</u>	<u>3,847,981</u>
TOTAL ASSETS	<u>\$2,256,384</u>	<u>\$3,628,528</u>	<u>\$5,884,912</u>
<u>LIABILITIES AND NET ASSETS</u>			
Current Liabilities -			
Accounts payable	\$ 26,461	\$ -	\$ 26,461
Due to other fund	400	-	400
Accrued interest payable	-	54,461	54,461
Noncurrent Liabilities -			
Notes payable - due within one year	6,160	-	6,160
Notes payable - due in more than one year	17,952	-	17,952
Bonds payable - due within one year	20,000	-	20,000
Bonds payable - due in more than one year	35,000	2,880,000	2,915,000
Contracts payable - due within one year	19,165	-	19,165
Contracts payable - due in more than one year	<u>242,530</u>	<u>-</u>	<u>242,530</u>
TOTAL LIABILITIES	<u>367,668</u>	<u>2,934,461</u>	<u>3,302,129</u>
Net Assets -			
Invested in capital assets, net of related debt	907,444	(201,158)	706,286
Restricted for			
Debt Service	-	718,838	718,838
Fire operating	240,939	-	240,939
Fire equipment	14,822	-	14,822
Building department	29,814	-	29,814
Other purposes	65,107	-	65,107
Unrestricted	<u>630,590</u>	<u>176,387</u>	<u>806,977</u>
TOTAL NET ASSETS	<u>1,888,716</u>	<u>694,067</u>	<u>2,582,783</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$2,256,384</u>	<u>\$3,628,528</u>	<u>\$5,884,912</u>

The notes to the financial statements are an integral part of this statement.

DALTON TOWNSHIP
Government-Wide Statement of Activities
For the Year Ended March 31, 2008

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues Charges for Services</u>
Governmental Activities		
Legislative	\$ 16,849	\$ -
General Government	573,585	104,138
Public safety	477,957	94,711
Public works	129,226	6,125
Recreation and culture	7,621	-
Other functions	161,290	-
Interest on long term debt	<u>7,059</u>	<u>-</u>
Total Governmental Activities	<u>1,373,587</u>	<u>204,974</u>
Business-type activities:		
Water		
Sewer		

General revenues
Property taxes
State Shared revenues
Investment earnings
Other

Total General Revenues

Change in Net Assets

Net Assets - Beginning

Net Assets - Ending

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (16,849)	\$ -	\$ (16,849)
(469,447)	-	(469,447)
(383,246)	-	(383,246)
(123,101)	-	(123,101)
(7,621)	-	(7,621)
(161,290)	-	(161,290)
(7,059)	-	(7,059)
<u>(1,168,613)</u>	<u>-</u>	<u>(1,168,613)</u>
-	28,730	28,730
<u>-</u>	<u>166,507</u>	<u>166,507</u>
<u>-</u>	<u>195,237</u>	<u>195,237</u>
502,331	-	502,331
504,943	-	504,943
39,516	62,314	101,830
<u>200,917</u>	<u>-</u>	<u>200,917</u>
<u>1,247,707</u>	<u>62,314</u>	<u>1,310,021</u>
79,094	257,551	336,645
<u>1,809,622</u>	<u>436,516</u>	<u>2,246,138</u>
<u>\$ 1,888,716</u>	<u>\$694,067</u>	<u>\$ 2,582,783</u>

DALTON TOWNSHIP
Balance Sheet
GOVERNMENTAL FUNDS
March 31, 2008

	<u>General</u>	<u>Fire Operating</u>	<u>Fire Equipment</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$281,551	\$214,017	\$14,822
Investments	245,014	-	-
Special assessments receivable	-	-	-
Taxes receivable	33,615	26,937	-
Accounts receivable	83,991	-	-
Due from other funds	<u>7,368</u>	<u>2,671</u>	<u>-</u>
	<u>\$651,539</u>	<u>\$243,625</u>	<u>\$14,822</u>
 <u>LIABILITIES AND FUND EQUITY</u>			
LIABILITIES:			
Accounts payable	\$ 11,350	\$ 2,686	\$ -
Due to other funds	9,599	-	-
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>20,949</u>	<u>2,686</u>	<u>-</u>
 FUND BALANCES:			
Unrestricted	630,590	-	-
Restricted	<u>-</u>	<u>240,939</u>	<u>14,822</u>
TOTAL FUND BALANCE	<u>630,590</u>	<u>240,939</u>	<u>14,822</u>
	<u>\$651,539</u>	<u>\$243,625</u>	<u>\$14,822</u>

The notes to the financial statements are an integral part of this statement.

<u>Building Department</u>	<u>Non-Major Governmental Funds</u>	<u>TOTAL Governmental Funds</u>
\$27,562	\$132,528	\$ 670,480
-	-	245,014
-	53,903	53,903
-	469	61,021
-	-	83,991
<u>6,528</u>	<u>-</u>	<u>16,567</u>
<u>\$34,090</u>	<u>\$186,900</u>	<u>\$1,130,976</u>

\$ 4,276	\$ 8,149	\$ 26,461
-	-	9,599
<u>-</u>	<u>34,532</u>	<u>34,532</u>
<u>4,276</u>	<u>42,681</u>	<u>70,592</u>

-	-	630,590
<u>29,814</u>	<u>144,219</u>	<u>429,794</u>
<u>29,814</u>	<u>144,219</u>	<u>1,060,384</u>
<u>\$34,090</u>	<u>\$186,900</u>	<u>\$1,130,976</u>

DALTON TOWNSHIP
Reconciliation of the Balance Sheet of
Governmental Funds to the Statement of
Net Assets
March 31, 2008

Total Governmental Fund Balances	\$1,060,384
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Total net assets reported for governmental activities in the Statement of Net Assets are different from the amount reported as total governmental funds fund balance because:

Capital assets used in governmental activities are not financial resources and are not reported in the fund statements. Amounts reported for governmental activities in the statement of net assets are:

Governmental capital assets	2,337,170
Governmental accumulated depreciation	(1,168,031)

Long term liabilities are not due and payable in the current period and are not reported in the fund statements. Long term liabilities reported in the Statement of Net Assets that are not reported in the funds balance sheet are:

Notes payable	(24,112)
Bonds payable	(55,000)
Contracts payable	<u>(261,695)</u>

Net Assets of Governmental Activities	<u>\$1,888,716</u>
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DALTON TOWNSHIP
Statement of Revenues and Expenditures and
Changes in Fund Balance
GOVERNMENTAL FUNDS
For the Year Ended March 31, 2008

	<u>General</u>	<u>Fire Operating</u>	<u>Fire Equipment</u>
REVENUES:			
Taxes	\$ 229,578	\$263,353	\$ -
Licenses and permits	2,842	-	-
State grants	504,943	-	-
Charges for services	94,371	31,427	-
Interest earned	22,760	5,764	1,111
Rent	6,125	-	-
Other revenue	<u>162,298</u>	<u>6,198</u>	<u>358</u>
TOTAL REVENUE	<u>1,022,917</u>	<u>306,742</u>	<u>1,469</u>
EXPENDITURES:			
Legislative	16,849	-	-
General government	547,891	-	-
Public safety	53,005	252,391	-
Public works	89,776	-	-
Recreation and cultural	7,621	-	-
Other functions	161,290	-	-
Capital outlay	12,774	28,272	236,000
Debt service -			
Principal	-	-	13,267
Interest and fiscal changes	<u>-</u>	<u>-</u>	<u>1,504</u>
TOTAL EXPENDITURES	<u>889,206</u>	<u>280,663</u>	<u>250,771</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>133,711</u>	<u>26,079</u>	<u>(249,302)</u>
OTHER FINANCING SOURCES (USES):			
Loan proceeds	-	-	236,000
Transfers from other funds	-	-	-
Transfers to other funds	<u>(9,250)</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(9,250)</u>	<u>-</u>	<u>236,000</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	124,461	26,079	(13,302)
FUND BALANCE - APRIL 1, 2007	<u>506,129</u>	<u>214,860</u>	<u>28,124</u>
FUND BALANCE - MARCH 31, 2008	<u>\$ 630,590</u>	<u>\$240,939</u>	<u>\$ 14,822</u>

The notes to the financial statements are an integral part of this statement.

<u>Building Department</u>	<u>Non-Major Governmental Funds</u>	<u>TOTAL Governmental Funds</u>
\$ -	\$ 9,400	\$ 502,331
63,284	-	66,126
-	-	504,943
-	6,925	132,723
1,100	8,781	39,516
-	-	6,125
<u>510</u>	<u>31,553</u>	<u>200,917</u>
<u>64,894</u>	<u>56,659</u>	<u>1,452,681</u>
-	-	16,849
-	15,805	563,696
62,263	-	367,659
-	25,800	115,576
-	-	7,621
-	-	161,290
-	-	277,046
-	26,159	39,426
<u>-</u>	<u>5,555</u>	<u>7,059</u>
<u>62,263</u>	<u>73,319</u>	<u>1,556,222</u>
<u>2,631</u>	<u>(16,660)</u>	<u>(103,541)</u>
-	-	236,000
-	9,250	9,250
<u>-</u>	<u>-</u>	<u>(9,250)</u>
<u>-</u>	<u>9,250</u>	<u>236,000</u>
2,631	(7,410)	132,459
<u>27,183</u>	<u>151,629</u>	<u>927,925</u>
<u>\$29,814</u>	<u>\$144,219</u>	<u>\$1,060,384</u>

DALTON TOWNSHIP
Reconciliation of Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to
the Statement of Activities
For the Year Ended March 31, 2008

Net change in Fund balances - Total Governmental Funds	\$132,459
Amounts reported for governmental activities are different because:	
Governmental funds report capital outlays as expenditures; in the Statement of Activities, these costs are allocated over their estimated useful lives as depreciation	143,209
Loan proceeds provide current financial resources to governmental funds, but issuing debt increases long term liabilities in the statement of net assets. This is the amount of loan proceeds.	(236,000)
Repayments of long term debt principal is an expenditure in the governmental funds, but not in the Statement of Activities	<u>39,426</u>
Change in Net Assets of Governmental Activities	<u><u>\$ 79,094</u></u>

DALTON TOWNSHIP
Statement of Net Assets
PROPRIETARY FUNDS
March 31, 2008

	Business-type Activities Enterprise Funds		
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash	\$146,872	\$ 606,546	\$ 753,418
Accounts receivable			
Special assessments receivable	-	5,747	5,747
(net of deferred revenue)	<u>29,515</u>	<u>161,006</u>	<u>190,521</u>
Total Current Assets	<u>176,387</u>	<u>773,299</u>	<u>949,686</u>
Noncurrent Assets:			
Utility system	-	2,754,798	2,754,798
Less Accumulated depreciation	<u>-</u>	<u>(75,956)</u>	<u>(75,956)</u>
	<u>-</u>	<u>2,678,842</u>	<u>2,678,842</u>
TOTAL ASSETS	<u>176,387</u>	<u>3,452,141</u>	<u>3,628,528</u>
LIABILITIES			
Current Liabilities:			
Accrued interest payable	-	54,461	54,461
Bonds payable - current portion	<u>-</u>	<u>-</u>	<u>-</u>
Total Current Liabilities	<u>-</u>	<u>54,461</u>	<u>54,461</u>
Noncurrent Liabilities:			
Bonds payable	<u>-</u>	<u>2,880,000</u>	<u>2,880,000</u>
TOTAL LIABILITIES	<u>-</u>	<u>2,934,461</u>	<u>2,934,461</u>
NET ASSETS			
Invested in capital assets, net of related debt	-	(201,158)	(201,158)
Restricted for debt service	-	718,838	718,838
Unrestricted	<u>176,387</u>	<u>-</u>	<u>176,387</u>
TOTAL NET ASSETS	<u>\$176,387</u>	<u>\$ 517,680</u>	<u>\$ 694,067</u>

The notes to the financial statements are an integral part of this statement.

DALTON TOWNSHIP
Statement of Revenues, Expenses, and Changes in Net Assets
PROPRIETARY FUNDS
For the Year Ended March 31, 2008

	Business-type Activities Enterprise Funds		
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Operating revenues:			
User service fees	\$ -	\$ 8,041	\$ 8,041
Connection fees	<u>-</u>	<u>23,341</u>	<u>23,341</u>
TOTAL OPERATING REVENUES	<u>-</u>	<u>31,382</u>	<u>31,382</u>
Operating expenses:			
Depreciation	-	75,956	75,956
Professional services	-	61,223	61,223
Office expenses	-	5,440	5,440
Miscellaneous	<u>175</u>	<u>8,000</u>	<u>8,175</u>
TOTAL OPERATING EXPENSES	<u>175</u>	<u>150,619</u>	<u>150,794</u>
Operating income (loss)	<u>(175)</u>	<u>(119,237)</u>	<u>(119,412)</u>
Nonoperating revenues (expenses)			
Sale of capacity	-	233,163	233,163
Special assessments levied	9,512	68,088	77,600
Interest on special assessments	19,393	115,092	134,485
Interest income	3,392	58,922	62,314
Interest expense	<u>-</u>	<u>(130,599)</u>	<u>(130,599)</u>
Total nonoperating revenue (expenses)	<u>32,297</u>	<u>344,666</u>	<u>376,963</u>
Change in Net Assets	32,122	225,429	257,551
Total net assets - April 1, 2007	<u>144,265</u>	<u>292,251</u>	<u>436,516</u>
Total net assets - March 31, 2008	<u>\$176,387</u>	<u>\$517,680</u>	<u>\$694,067</u>

The notes to the financial statements are an integral part of this statement.

DALTON TOWNSHIP
Statement of Cash Flows
PROPRIETARY FUNDS
For the Year Ended March 31, 2008

	Business-type Activities Enterprise Funds		
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ -	\$ 25,634	\$ 25,634
Cash paid to suppliers for goods and services	<u>(175)</u>	<u>(74,663)</u>	<u>(74,838)</u>
Net cash provided (used) by operating activities	<u>(175)</u>	<u>(49,029)</u>	<u>(49,204)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Sale of capacity	-	233,163	233,163
Special assessments	<u>58,275</u>	<u>292,286</u>	<u>350,561</u>
Net cash provided by noncapital financing activities	<u>58,275</u>	<u>525,449</u>	<u>583,724</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Decrease in cost of capital assets	-	219,685	219,685
Interest paid in capital debt	-	(172,536)	(172,536)
Purchases of capital assets	<u>-</u>	<u>(94,483)</u>	<u>(94,483)</u>
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(47,334)</u>	<u>(47,334)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	<u>3,392</u>	<u>58,922</u>	<u>62,314</u>
Net cash provided by investing activities	<u>3,392</u>	<u>58,922</u>	<u>62,314</u>
Net increase in cash	61,492	488,008	549,500
CASH - APRIL 1, 2007	<u>85,380</u>	<u>118,538</u>	<u>203,918</u>
CASH- MARCH 31, 2008	<u>\$146,872</u>	<u>\$ 606,546</u>	<u>\$ 753,418</u>
Reconciliation of operating income (loss) to net Cash provided (used) by operating activities:			
Operating income (loss)	\$ (175)	\$ (119,237)	\$ (119,412)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	-	75,956	75,956
(Increase) in accounts receivable	<u>-</u>	<u>(5,748)</u>	<u>(5,748)</u>
Net cash provided (used) by operating activities	<u>\$ (175)</u>	<u>\$ (49,029)</u>	<u>\$ (49,204)</u>

The notes to the financial statements are an integral part of this statement.

DALTON TOWNSHIP
Statement of Net Assets
FIDUCIARY FUNDS
March 31, 2008

ASSETS

Cash	
	\$12,948
Due from other funds	<u>400</u>
	<u>\$13,348</u>

LIABILITIES

Accounts payable	\$ 5,980
Due to other funds	<u>7,368</u>
	<u>\$13,348</u>

The notes to the financial statements are an integral part of this statement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the township:

Reporting Entity

Dalton Township is located in Muskegon County and provides services to its residents in many areas including public safety, highways and streets, general administrative services, fire protection, and community enrichment and development. The township is a general law township, and is governed by a 7 member board elected by the citizens of Dalton Township. The board consists of the supervisor, clerk, treasurer and four trustees whom reside in the township.

As defined by Governmental Accounting Standards Board (GASB) No. 14, the financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The primary government has financial accountability if it:

1. Appoints a voting majority of the organization's board, and, has the ability to impose its will on the organization; or
2. There is a potential for the component unit to provide certain financial benefits to, or impose certain financial burdens on, the primary government.

Based upon this criteria, there are no other entities included in this report.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net assets and the Statement of Changes in Net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-Wide and Fund Financial Statements (continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized when it is both measurable and available. Revenues are considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Revenues are recognized in the accounting period in which they become susceptible to accrual, that is, when they become both measurable and available to finance expenditures of the fiscal period. Property taxes, intergovernmental revenue, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the township.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation
(continued)

When both restricted and unrestricted resources are available for use, it is the township's policy to use restricted resources first, then unrestricted resources as needed.

The township reports the following major governmental funds:

The General Fund is the township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Fire Operating Fund accounts for the millage revenue that is reserved for the operation of the fire department.

Fire Equipment fund accounts for the millage revenue that is reserved for the purchase of fire equipment.

Building Department fund (State Construction Code) accounts for revenue that is reserved for the enforcement of the building code.

The township reports the following major proprietary funds:

The Sewer Fund accounts for the activities of the sewage collection system.

The Water Fund accounts for the activities of the water distribution system.

Additionally, the township reports the following fund types:

Agency Funds - These funds account for assets held on behalf of outside parties, including other governments.

Private-sector standards of accounting and financial reporting, issued prior to December 1, 1989, are generally followed in the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB).

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation
(continued)

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the proprietary funds relate to charges to customers for sales and services. The water and sewer funds also recognizes the portion of tap fees intended to recover current costs. (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Deposits and Investments

The cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less from the date of acquisition.

Investments are stated at fair value and short-term investments are reported at cost, which approximates fair value. Earnings from investments are allocated to numerous funds as required by Federal regulations, State statutes, and local ordinances.

Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business - type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets (continued)

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

	<u>Governmental Funds</u>	<u>Enterprise Fund</u>
Building and Building Improvements	15 to 25 years	
Vehicles	3 to 15 years	
Equipment	3 to 10 years	
Sewer System		40 years

Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or for resources that have been received, but not yet earned.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and business-type activities or proprietary fund type statement of net assets.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The annual budget is prepared by the township supervisor and adopted by the township board at the annual public hearing. The township board approves all subsequent amendments to the budget. The General Fund and special revenue funds are under formal budgetary control. The budget has been prepared on the modified accrual basis, which is in accordance with generally accepted accounting principles. Unexpended appropriations lapse at year-end. The budget has been adopted on an activity basis. Budgeted revenues and expenditures include any authorized amendments to the original budget as adopted. There were no amendments to the original budget during the year ended March 31, 2005.

Excess of Expenditures Over Appropriation in Budgeted Funds

Public Act 2 of 1968, as amended, requires the adoption of a balanced budget for general and special revenue funds, as well as budget amendments as needed to prevent actual expenditures from exceeding those provided for in the budget.

DALTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Page 6

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

Excess of Expenditures Over Appropriation in Budgeted Funds (continued)

During the year, the township incurred expenditures in certain budgetary fund which were in excess of the amounts appropriated, as follows:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Excess Expenditures</u>
General -			
Sanitary landfill	\$37,000	\$ 39,820	\$ 2,820
Roads	20,000	40,284	20,284
Capital outlay	-	12,774	12,774
Fire Equipment	15,000	250,771	235,771

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91 authorizes the township to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government of Federal agency obligation repurchase agreements; bankers' acceptance of United States Banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township Board has designated two banks for the deposit of township funds. The investment policy adopted by the board in accordance with Public Act 20 of 1943, as amended, has authorized investment in the instruments described in the preceding paragraph. The township's deposits and investment policy are in accordance with statutory authority.

At the year-end, the township's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash and cash equivalents	\$670,480	\$753,418	\$12,948	\$1,436,846
Investments	<u>245,014</u>	<u>-</u>	<u>-</u>	<u>245,014</u>
Total	<u>\$915,494</u>	<u>\$753,418</u>	<u>\$12,948</u>	<u>\$1,681,860</u>

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS(continued)

The breakdown between deposits and investments is as follows:

Bank deposits (Checking Accounts)	\$1,161,545
Cash held by the County from bond issue (Business-type Activities)	275,201
Investments in Money Market and Government Operating Money Market	245,014
Petty Cash and Cash on Hand	<u>100</u>
	<u>\$1,681,860</u>

The bank balance of the Township's deposits is \$1,361,653, of which \$100,000 is covered by Federal depository insurance.

Investments Authorized by the Township's Investment Policy

The township's investment policy only authorizes investment in all those that are authorized by law. The Township has limited their investments to money markets. The investments policy does not contain any specific provisions intended to limit the exposure to interest rate risk, credit risk, and concentration of credit risk.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the township manages its exposure to interest rate risk is by participating in money markets which hold diverse investments that are authorized by law for direct investment.

As of June 30, 2008 the township had the following investments:

	<u>Reported Amount (Fair Value)</u>
Investments	
Government Operating Money market	<u>\$245,014</u>
Total Primary Government	<u>\$245,014</u>

Concentration of Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

The investment policy of the township contains no limitations on the amount that can be invested in any one insurer beyond that stipulated by Michigan law.

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS(continued)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Michigan law and the township's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty(e.g., broker/dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Michigan law and the township's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

NOTE 4 - PROPERTY TAXES

Property taxes are levied on each December 1st on the taxable valuation of property located in the township as of the preceding December 31st. The township property taxes were levied and collectible on December 1, 2007. It is the policy of the township to recognize revenue from the current tax levy in the fiscal year when proceeds of this levy are budgeted and made available for the financing of operations.

The 2007 taxable valuation of the township amounted to \$221,167,138 on which ad valorem taxes of 1.0346 mills were levied for township operating purposes, 1.1938 mills for fire operations resulting in property tax revenue of \$229,578 and \$263,353 respectively, during the fiscal year ended March 31, 2008. These amounts are recognized in the respective General and Special Revenue Fund financial statements as tax revenue.

NOTE 5 - RECEIVABLES

Special Assessments Receivable - Governmental Funds

The township collects special assessments in the Debt Service Funds to collect for expenses incurred by the township for road improvements and sewer system. The special assessments are billed on the township's tax bills. As of March 31, 2008 the Debt Service Fund had special assessments receivable of \$53,903.

DALTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

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NOTE 5 - RECEIVABLES(continued)

Special Assessments Receivable - Governmental Funds(continued)

Special assessments receivable as of March 31, 2008 are as follows:

Dalson Road	\$ 853
Strand Road	27,178
Williamson Sewer	<u>25,872</u>
	<u>\$53,903</u>

Special Assessments Receivable - Enterprise Funds

The township collects special assessments in the Enterprise Funds to collect for expenses incurred by the township for the water distribution system and the sewage collection system. The special assessments are billed on the township's tax bills. As of March 31, 2008 the Enterprise Funds had special assessments receivable of \$2,734,932.

River and Whitehall Road - sewer	\$2,410,945
Hamilton/Blair - water	<u>323,987</u>
	<u>\$2,734,932</u>

Accounts Receivable

Receivables as of year-end for the township's individual major and nonmajor funds, and the fiduciary funds in the aggregate, including the applicable allowances for uncollected accounts, are as follows:

	<u>General Fund</u>
State Shared Revenue	\$77,057
Refunds and reimbursements	6,934
Less: Allowance for uncollectibles	<u>-</u>
Net receivables	<u>\$83,991</u>

DALTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

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NOTE 6 - CAPITAL ASSETS

Capital asset activity of the township for the current year was as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated				
Land	\$ 98,000	\$ -	\$ -	\$ 98,000
Subtotal	<u>98,000</u>	<u>-</u>	<u>-</u>	<u>98,000</u>
Capital assets Being Depreciated				
Land improvements	\$ 9,765	\$ -	\$ -	\$ 9,765
Buildings and building improvements	1,145,916	-	-	1,145,916
Equipment	96,874	12,774	-	109,648
Vehicles	<u>737,841</u>	<u>236,000</u>	<u>-</u>	<u>973,841</u>
Subtotal	<u>1,990,396</u>	<u>248,774</u>	<u>-</u>	<u>2,239,170</u>
Less Accumulated Depreciation for				
Land improvements	4,884	977	-	5,861
Buildings	602,294	24,781	-	627,075
Equipment	70,949	14,417	-	85,366
Vehicles	<u>384,339</u>	<u>65,390</u>	<u>-</u>	<u>449,729</u>
Subtotal	<u>1,062,466</u>	<u>105,565</u>	<u>-</u>	<u>1,168,031</u>
Net Capital Assets Being Depreciated	<u>927,930</u>	<u>143,209</u>	<u>-</u>	<u>1,071,139</u>
Governmental Activities Capital Total				
Capital Assets - Net of Depreciation	<u>\$1,025,930</u>	<u>\$143,209</u>	<u>\$ -</u>	<u>\$1,169,139</u>

DALTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

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NOTE 6 - CAPITAL ASSETS (continued)

<u>Business-type Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Being Depreciated				
Sewer System	<u>\$ -</u>	<u>\$2,754,798</u>	<u>\$ -</u>	<u>\$2,754,798</u>
Less accumulated depreciation				
Sewer System	<u>-</u>	<u>75,956</u>	<u>-</u>	<u>75,956</u>
Total capital assets - net of depreciation	<u>\$ -</u>	<u>\$2,678,842</u>	<u>\$ -</u>	<u>\$2,678,842</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities	
General government	\$ 9,889
Public safety	82,026
Public works	<u>13,650</u>
Total governmental activities	<u>\$105,565</u>
Business-type activities	
Sewer	<u>\$ 75,956</u>

DALTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

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NOTE 7 - INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances is as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Fund</u>	<u>Payable</u>
General	\$ 7,368	Trust and Agency Tax Collection	\$ 6,148
	<u> </u>		<u>1,220</u>
Subtotal	\$ 7,368	Subtotal	<u>7,368</u>
Fire Operating	2,671	General Fund	<u>9,599</u>
Building Department	6,528		
Trust and Agency	<u>400</u>		
Subtotal	<u>9,599</u>	Subtotal	<u>9,599</u>
TOTAL	<u>\$16,967</u>	TOTAL	<u>\$16,967</u>

The operating transfers are summarized as follows:

	<u>Transfers In</u>	<u>Transfers (Out)</u>
General Fund	\$ -	\$9,250
Cemetery	6,250	-
Middle Lake Weed	1,000	-
North Lake Weed	1,000	-
West Lake Weed	<u>1,000</u>	<u>-</u>
TOTAL	<u>\$9,250</u>	<u>\$9,250</u>

NOTE 8 - CHANGES IN LONG TERM DEBT:

The following is a summary of long term debt transactions of the Township for the year ended March 31, 2008:

	<u>Special Assessment Bonds Strand Road</u>	<u>Business-type Activities Sewer</u>
Balance - April 1, 2007	\$ 75,000	\$2,880,000
Bonds issued	-	-
Payments	<u>(20,000)</u>	<u>-</u>
Balance - March 31, 2008	<u>\$ 55,000</u>	<u>\$2,880,000</u>

DALTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

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NOTE 8 - CHANGES IN LONG TERM DEBT:(continued)

	<u>Contract Payable</u>	<u>Contract Payable</u>	<u>Note Payable</u>
Balance - April 1, 2007	\$41,081	\$ -	\$29,832
New loan	-	236,000	-
Payments	<u>(13,267)</u>	<u>-</u>	<u>(5,720)</u>
Balance - March 31, 2008	<u>\$27,814</u>	<u>\$236,000</u>	<u>\$24,112</u>

Long term debt at March 31, 2008 is comprised of the following:

Contracts Payable:

On June 2, 2003 the Township entered into an installment purchase agreement under Act 99 of the Public Acts of Michigan of 1933, as amended, with Alexis Fire Equipment Company and National City Bank, as assignee of Alexis Fire Equipment Company in the amount of \$90,000 for the purchase of a mini pumper for the Fire Department at a total cost of \$140,865. This installment purchase agreement is payable in fourteen semi-annual installments of \$7,385.59, including interest at 4% per annum. The first installment was due September 30, 2003. The final installment is due March 30, 2010. The balance at March 31, 2008 is \$27,814.

On March 6, 2008 the Township entered into an installment purchase agreement under Act 99 of the Public Acts of Michigan of 1933, as amended, with Alexis Fire Equipment Company and National City Bank, as assignee of Alexis Fire Equipment Company in the amount of \$236,000 for the purchase of a new pumper fire truck. This installment purchase agreement is payable in thirty semi-annual installments of \$11,283.04, including interest at the rate of 5.01% per annum. The first installment is due October 1, 2008. The final installment is due April 1, 2023. The balance at March 31, 2008 is \$236,000.

Note Payable:

On September 3, 2002 the Township entered into an agreement with the County of Muskegon, Michigan in the amount of \$61,600 for the construction of the Williamson Road sewer project. The note is payable over ten years with a final due date of November 1, 2012. The Township agrees to repay the County by annually remitting collections received from the Williamson Road special assessment roll (including interest) beginning March 1, 2003 and every year thereafter until fully paid. The repayment schedule includes the interest charged on the special assessment roll of 5% per annum. The balance at March 31, 2008 is \$24,112.

DALTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

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NOTE 8 - CHANGES IN LONG TERM DEBT:(continued)

Bonds:

Special Assessment Bonds - Strand Road:

\$170,000, 2001 special assessment bonds due in annual installments of \$5,000 to \$20,000 through March 1, 2011; interest of 5.1% to 7.00% \$ 55,000

Business-type activities:

General Obligation Bond:

\$2,880,000 Muskegon County Wastewater Management - Number One Bonds - Series 2006, issued July 6, 2006, due in annual installments of \$52,178 to \$182,624 (Dalton Township share) through November, 2036 plus interest at rates varying from \$4.25% to 5% per annum. \$2,880,000

The annual requirement to amortize all outstanding debt, including interest, at March 31, 2008 are as follows:

Year Ended March 31,	<u>Governmental Activities</u>			Business- type Activities
	Contracts Payable	Note Payable	<u>Special Assessment Bonds Strand Road</u>	<u>Sewer</u>
2009	\$ 26,054	\$ 7,392	\$22,785	\$ 130,711
2010	37,331	7,084	16,765	183,889
2011	22,566	6,750	21,000	183,728
2012	22,566	6,494	-	183,478
2013	22,566	-	-	183,838
2014 - 37	<u>236,944</u>	<u>-</u>	<u>-</u>	<u>4,474,690</u>
	<u>\$368,027</u>	<u>\$27,720</u>	<u>\$60,550</u>	<u>\$5,340,334</u>

NOTE 9 - RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical benefits provided to employees. The Township maintains commercial insurance coverage for each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 10 - CONTINGENT LIABILITIES

The township is involved in a dispute with the County of Muskegon concerning the payment of sewer access right fees originating in 1981. The amount of liability, if any, can not be determined at this time although the Township believes such amount, if any, to be immaterial.

On December 13, 1982, Dalton Township and two other townships, entered into an agreement with the County of Muskegon for the construction of a water supply system. Construction of the system was financed by the issue of \$1,100,000, County of Muskegon bonds, which principal and interest to be paid by a "Pooled Account", maintained by the County, through the collection of individual user charges and/or an ad valorem tax levy in the event of insufficient user charges. The bonds are contractually secured primarily by the full faith and credit of the townships, based on a pro-rata allocation and secondarily by the full faith and credit of the County. The township's pro-rata share of the full faith and credit security is 11.72%. The township anticipates the user charges will be sufficient to repay the debt obligation.

On May 7, 1984 Dalton Township entered into an agreement with Muskegon Township to provide sanitary sewer services to certain residents of Dalton Township residing near the Muskegon Township sanitary sewer extension. Dalton Township has agreed to collect any direct or indirect connection charges for which Muskegon Township will pay to Dalton Township 5% of such charges.

Dalton Township has further agreed to be responsible to Muskegon Township for payment of the connection charges and user fees whether collected or not.

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS

Effective May 4, 1998, in addition to pension benefits described in Note 13, the Township provides post-employment benefits for health insurance. The Township will fund the benefit on a pay-as-you-go basis. Eligible employees will be required to pay a portion of the cost with the Township subsidizing the remaining costs.

During the current year one retiree participated for the year at a cost of approximately \$1,200.

NOTE 12 - RETIREMENT PLAN

The township's retirement plan is administered by Paine Webber, Incorporated. It is a defined contribution retirement plan which provides retirement benefits for elected officials and full time employees. The township contributed an amount equal to 11% of the employees gross salaries. The amount contributed for the year ended March 31, 2008 was approximately \$32,000. Total township payroll for the year was approximately \$435,000 including approximately \$291,000 payroll covered by the plan. Employees become 100% vested in the township's contributions after six months of service.

NOTE 13 - DEFERRED COMPENSATION PLAN

The township offers all employees a deferred compensation plan created in accordance with Internal Revenue Code, Section 457. The assets of the plans were held in a group annuity contract as described in IRC Section 457 (g) for the exclusive benefit of the employees and their beneficiaries. The custodian thereof of the exclusive benefit of the participants holds the custodial account for the beneficiaries of this Section 457 plan, and the assets may not be diverted to any other use. The Administrators are agents of the employer for purposes of providing direction to the custodian of the custodial account from time to time for the investment of the funds held in the account, transfer of assets to or from the account and all other matters. In accordance with the provisions of GASB Statement 32, plan balances and activities are not reflected in the township's financial statements.

NOTE 14 - STATE CONSTRUCTION CODE ACT

Public Act 245 of 1999 (The Stille-Derossett-Hale Single State Construction Code Act) restricts the use of fees collected under this Act for the operation of the enforcing agency and/or the Construction Board of Appeals effective January 1, 2000. The following is the required accounting for such fees:

Fees collected	
\$ 64,894	
Wages, professional fees and other expenses	<u>(62,263)</u>
Excess of fees collected over costs	<u>\$ 2,631</u>

NOTE 15 - ECONOMIC DEPENDENCY

State of Michigan shared revenues represent approximately 49% of General Fund revenues.

REQUIRED SUPPLEMENTAL INFORMATION

DALTON TOWNSHIP
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended March 31, 2008

	<u>Budget</u>	<u>Actual</u> <u>(unfavorable)</u>	Variance - favorable
REVENUES:			
Taxes	\$229,700	\$ 229,578	\$ (122)
Licenses and permits	2,000	2,842	842
State grants	514,500	504,943	(9,557)
Charges for services	48,000	94,371	46,371
Interest earned	14,655	22,760	8,105
Rent	6,000	6,125	125
Other revenue	<u>146,100</u>	<u>162,298</u>	<u>16,198</u>
TOTAL REVENUE	<u>960,955</u>	<u>1,022,917</u>	<u>61,962</u>
EXPENDITURES:			
Legislative	20,500	16,849	3,651
General government	633,965	547,891	86,074
Public safety	56,940	53,005	3,935
Public works	80,300	89,776	(9,476)
Recreation and cultural	8,012	7,621	391
Other functions	168,550	161,290	7,260
Capital outlay	<u>-</u>	<u>12,774</u>	<u>(12,774)</u>
TOTAL EXPENDITURES	<u>968,267</u>	<u>889,206</u>	<u>79,061</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(7,312)</u>	<u>133,711</u>	<u>141,023</u>
OTHER FINANCING SOURCES (USES):			
Transfer from other funds	-	-	-
Transfer to other funds	<u>(10,000)</u>	<u>(9,250)</u>	<u>750</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(10,000)</u>	<u>(9,250)</u>	<u>750</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>(17,312)</u>	<u>124,461</u>	<u>141,773</u>
FUND BALANCE - APRIL 1, 2007	<u>506,129</u>	<u>506,129</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2008	<u>\$488,817</u>	<u>\$ 630,590</u>	<u>\$141,773</u>

DALTON TOWNSHIP
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE
FIRE OPERATING FUND - MAJOR SPECIAL REVENUE FUND
For the Year Ended March 31, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavorable)</u>
REVENUES:			
Property taxes	\$264,767	\$263,353	\$(1,414)
Charges for services	34,967	31,427	(3,540)
Interest earned	2,500	5,764	3,264
Other revenue	<u>4,000</u>	<u>6,198</u>	<u>2,198</u>
TOTAL REVENUES	<u>306,234</u>	<u>306,742</u>	<u>508</u>
EXPENDITURES:			
Salaries and wages	121,905	112,893	9,012
Pension	5,100	5,387	(287)
Employee benefits	16,000	11,047	4,953
Payroll taxes	17,000	8,628	8,372
Operating supplies	10,000	10,071	(71)
Hydrant rental	8,700	8,500	200
Repairs and maintenance	12,000	17,569	(5,569)
Utilities	15,000	19,486	(4,486)
Transportation	10,000	11,736	(1,736)
Communications	8,500	7,432	1,068
Training	2,000	-	2,000
Contracted services	5,500	5,579	(79)
Capital outlay	27,600	28,272	(672)
Insurance	35,000	28,148	6,852
Miscellaneous	<u>5,200</u>	<u>5,915</u>	<u>(715)</u>
TOTAL EXPENDITURES	<u>299,505</u>	<u>280,663</u>	<u>18,842</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	6,729	26,079	19,350
FUND BALANCE - APRIL 1, 2007	<u>214,860</u>	<u>214,860</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2008	<u>\$221,589</u>	<u>\$240,939</u>	<u>\$19,350</u>

DALTON TOWNSHIP
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE
FIRE EQUIPMENT FUND - MAJOR SPECIAL REVENUE FUND
For the Year Ended March 31, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavorable)</u>
REVENUES:			
Interest earned	\$ 500	\$ 1,111	\$ 611
Miscellaneous	<u>-</u>	<u>358</u>	<u>358</u>
	<u>500</u>	<u>1,469</u>	<u>969</u>
EXPENDITURES:			
Capital outlay		236,000	
Debt service -			
Principal		13,267	
Interest		<u>1,504</u>	
TOTAL EXPENDITURES	<u>15,000</u>	<u>250,771</u>	<u>(235,771)</u>
OTHER FINANCING SOURCES:			
Loan proceeds	(14,500)	(249,302)	(234,802)
	<u>-</u>	<u>236,000</u>	<u>236,000</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	(14,500)	(13,302)	1,198
FUND BALANCE - APRIL 1, 2007	<u>28,124</u>	<u>28,124</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2008	<u>\$ 13,624</u>	<u>\$ 14,822</u>	<u>\$ 1,198</u>

DALTON TOWNSHIP
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE
BUILDING DEPARTMENT FUND - MAJOR SPECIAL REVENUE FUND
For the Year Ended March 31, 2008

	Variance -		
	<u>Budget</u>	<u>Actual</u>	<u>favorable (unfavorable)</u>
REVENUES:			
Permits	\$ 75,000	\$63,284	\$(11,716)
Interest earned	1,300	1,100	(200)
Miscellaneous	<u>3,000</u>	<u>510</u>	<u>(2 490)</u>
TOTAL REVENUES	<u>79,300</u>	<u>64,894</u>	<u>(14,406)</u>
EXPENDITURES:			
Contracted services	90,000	56,771	33,229
Operating supplies	6,000	2,196	3,804
Training	2,500	2,000	500
Miscellaneous	<u>500</u>	<u>1,296</u>	<u>(796)</u>
TOTAL EXPENDITURES	<u>99,000</u>	<u>62,263</u>	<u>36,737</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(19,700)	2,631	22,331
FUND BALANCE - APRIL 1, 2007	<u>27,183</u>	<u>27,183</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2008	<u>\$ 7,483</u>	<u>\$29,814</u>	<u>\$ 22,331</u>

ADDITIONAL INFORMATION

DALTON TOWNSHIP
Statement of Revenues, Expenditures and Changes In Fund Balance
Budget and Actual
GENERAL FUND
For the Year Ended March 31, 2008

Page 1

	<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavorable)</u>
REVENUES -			
TAXES:			
Property taxes	<u>\$229,700</u>	<u>\$ 229,578</u>	<u>\$ (122)</u>
LICENSES AND PERMITS	<u>2,000</u>	<u>2,842</u>	<u>842</u>
STATE GRANTS:			
State shared revenue	<u>514,500</u>	<u>504,943</u>	<u>(9,557)</u>
CHARGES FOR SERVICES:			
Administration fees	<u>48,000</u>	<u>79,666</u>	<u>31,666</u>
Miscellaneous	<u>-</u>	<u>14,705</u>	<u>14,705</u>
	<u>48,000</u>	<u>94,371</u>	<u>46,371</u>
INTEREST EARNED	<u>14,655</u>	<u>22,760</u>	<u>8,105</u>
RENTAL INCOME	<u>6,000</u>	<u>6,125</u>	<u>125</u>
OTHER REVENUE:			
Transfer station fees	<u>22,000</u>	<u>20,447</u>	<u>(1,553)</u>
Sale of equipment	<u>3,000</u>	<u>652</u>	<u>(2,348)</u>
Refunds and reimbursements	<u>40,000</u>	<u>41,347</u>	<u>1,347</u>
Zoning and variance fees	<u>10,000</u>	<u>8,123</u>	<u>(1,877)</u>
Miscellaneous	<u>71,100</u>	<u>91,729</u>	<u>20,629</u>
	<u>146,100</u>	<u>162,298</u>	<u>16,198</u>
TOTAL REVENUES	<u>960,955</u>	<u>1,022,917</u>	<u>61,962</u>
EXPENDITURES -			
LEGISLATIVE:			
Salaries and wages	<u>13,000</u>	<u>12,962</u>	<u>38</u>
Pension	<u>1,500</u>	<u>1,426</u>	<u>74</u>
Transportation	<u>2,000</u>	<u>798</u>	<u>1,202</u>
Miscellaneous	<u>4,000</u>	<u>1,663</u>	<u>2,337</u>
TOTAL LEGISLATIVE	<u>20,500</u>	<u>16,849</u>	<u>3,651</u>
GENERAL GOVERNMENT:			
SUPERVISOR -			
Salaries and wages	<u>37,739</u>	<u>37,739</u>	<u>-</u>
Pension	<u>4,200</u>	<u>4,151</u>	<u>49</u>
Transportation	<u>1,800</u>	<u>1,817</u>	<u>(17)</u>
Miscellaneous	<u>1,500</u>	<u>1,068</u>	<u>432</u>
	<u>45,239</u>	<u>44,775</u>	<u>464</u>

DALTON TOWNSHIP
Statement of Revenues, Expenditures and Changes In Fund Balance
Budget and Actual
GENERAL FUND
For the Year Ended March 31, 2008

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	<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavorable)</u>
EXPENDITURES (CONTINUED) -			
ELECTIONS:			
Salaries and wages	\$ 22,000	\$ 9,160	\$12,840
Operating supplies	5,000	2,863	2,137
Miscellaneous	<u>1,400</u>	<u>-</u>	<u>1,400</u>
	<u>28,400</u>	<u>12,023</u>	<u>16,377</u>
ASSESSOR:			
Contracted services	40,900	42,262	(1,362)
Salaries and wages	21,000	19,275	1,725
Pension	2,320	2,120	200
Operating supplies	3,000	2,172	828
Miscellaneous	<u>2,000</u>	<u>194</u>	<u>1,806</u>
	<u>69,220</u>	<u>66,023</u>	<u>3,197</u>
CLERK:			
Salaries and wages	61,278	59,162	2,116
Pension	6,800	6,453	347
Transportation	1,600	357	1,243
Miscellaneous	<u>3,600</u>	<u>2,297</u>	<u>1,303</u>
	<u>73,278</u>	<u>68,269</u>	<u>5,009</u>
BOARD OF REVIEW:			
Salaries and wages	1,000	825	175
Miscellaneous	<u>50</u>	<u>73</u>	<u>(23)</u>
	<u>1,050</u>	<u>898</u>	<u>152</u>
TREASURER:			
Salaries and wages	58,778	58,845	(67)
Pension	6,500	6,418	82
Supplies	6,000	5,747	253
Transportation	1,600	684	916
Miscellaneous	<u>3,000</u>	<u>35</u>	<u>2,965</u>
	<u>75,878</u>	<u>71,729</u>	<u>4,149</u>
BUILDING AND GROUNDS:			
Salaries and wages	89,400	83,061	6,339
Pension	7,000	6,634	366
Utilities	5,000	7,038	(2,038)
Operating supplies	1,200	1,152	48
Repairs and maintenance	19,300	5,006	14,294
Transportation	4,100	4,033	67
Miscellaneous	<u>1,000</u>	<u>936</u>	<u>64</u>
	<u>127,000</u>	<u>107,860</u>	<u>19,140</u>

DALTON TOWNSHIP
Statement of Revenues, Expenditures and Changes In Fund Balance
Budget and Actual
GENERAL FUND
For the Year Ended March 31, 2008

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	<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavorable)</u>
EXPENDITURES (CONTINUED) - GENERAL GOVERNMENT (CONTINUED):			
GENERAL ADMINISTRATION:			
Professional services	\$100,000	\$ 79,110	\$20,890
Salaries and wages	26,200	23,352	2,848
Supplies	32,200	32,112	88
Repairs and maintenance	6,000	2,391	3,609
Contracted services	4,500	1,746	2,754
Utilities	15,000	12,631	2,369
Memberships and dues	12,000	12,384	(384)
Printing and Publishing	15,000	10,102	4,898
Miscellaneous	<u>3,000</u>	<u>2,486</u>	<u>514</u>
	<u>213,900</u>	<u>176,314</u>	<u>37,586</u>
TOTAL GENERAL GOVERNMENT	<u>633,965</u>	<u>547,891</u>	<u>86,074</u>
PUBLIC SAFETY:			
LAW ENFORCEMENT	<u>3,780</u>	<u>3,419</u>	<u>361</u>
FIRE DEPARTMENT:			
Hydrant rental	<u>8,700</u>	<u>8,500</u>	<u>200</u>
PLANNING COMMISSION:			
Salaries and wages	5,000	4,360	640
Miscellaneous	<u>1,050</u>	<u>272</u>	<u>778</u>
	<u>6,050</u>	<u>4,632</u>	<u>1,418</u>
ZONING/ORDINANCE:			
Salaries and wages	36,460	35,856	604
Supplies	100	42	58
Transportation	1,250	452	798
Miscellaneous	<u>600</u>	<u>104</u>	<u>496</u>
	<u>38,410</u>	<u>36,454</u>	<u>1,956</u>
TOTAL PUBLIC SAFETY	<u>56,940</u>	<u>53,005</u>	<u>3,935</u>

DALTON TOWNSHIP
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
GENERAL FUND
For the Year Ended March 31, 2008

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	<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavorable)</u>
EXPENDITURES (CONTINUED) -			
PUBLIC WORKS:			
SANITARY LANDFILL:			
Contracted services	\$ 37,000	\$ 39,820	\$ (2,820)
ROADS	20,000	40,284	(20,284)
DRAINS	10,800	-	10,800
STREET LIGHTS	5,300	4,683	617
SEWAGE DISPOSAL:			
Access fees	3,000	2,290	710
OTHER	4,200	2,699	1,501
TOTAL PUBLIC WORKS	80,300	89,776	(9,476)
RECREATION AND CULTURAL:			
PARKS -			
Repairs	1,900	1,346	554
Utilities	1,400	1,328	72
Recreational activities	2,602	2,602	-
Miscellaneous	2,110	2,345	(235)
	8,012	7,621	391
TOTAL RECREATION AND CULTURAL	8,012	7,621	391
OTHER FUNCTIONS:			
Refunds	6,000	225	5,775
Employee insurance benefits	99,800	101,972	(2,172)
Insurance and bonds	33,500	32,544	956
Payroll taxes	22,150	25,089	(2,939)
Miscellaneous	7,100	1,460	5,640
TOTAL OTHER FUNCTIONS	168,550	161,290	7,260
CAPITAL OUTLAY	-	12,774	(12,774)
TOTAL EXPENDITURES	\$968,267	\$889,206	\$ 79,061

DALTON TOWNSHIP
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
GENERAL FUND
For the Year Ended March 31, 2008

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	<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavorable)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$(7,312)</u>	<u>\$133,711</u>	<u>\$141,023</u>
OTHER FINANCING SOURCES (USES):			
Transfer from other funds	<u>-</u>	<u>-</u>	<u>-</u>
Transfer to other funds	<u>(10,000)</u>	<u>(9,250)</u>	<u>750</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(10,000)</u>	<u>(9,250)</u>	<u>750</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>(17,312)</u>	<u>124,461</u>	<u>141,773</u>
FUND BALANCE - APRIL 1, 2007	<u>506,129</u>	<u>506,129</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2008	<u>\$488,817</u>	<u>\$630,590</u>	<u>\$141,773</u>

DALTON TOWNSHIP
Combining Balance Sheet
NON-MAJOR GOVERNMENTAL FUNDS
March 31, 2008

	Special Governmental Revenue	Debt Service	TOTAL Nonmajor Funds
<u>ASSETS</u>			
Cash and cash equivalents	\$114,478	\$18,050	\$132,528
Taxes receivable	469	-	469
Special assessments receivable	<u>-</u>	<u>53,903</u>	<u>53,903</u>
	<u>\$114,947</u>	<u>\$71,953</u>	<u>\$186,900</u>
 <u>LIABILITIES AND FUND EQUITY</u>			
Accounts payable	\$ 1,299	\$ 6,850	\$ 8,149
Deferred revenue	-	34,532	34,532
Fund balance	<u>113,648</u>	<u>30,571</u>	<u>144,219</u>
	<u>\$114,947</u>	<u>\$71,953</u>	<u>\$186,900</u>

DALTON TOWNSHIP
Combining Statement of Revenues and Expenditures and Changes in Fund Balance
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended March 31, 2008

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>TOTAL Nonmajor Governmental Funds</u>
REVENUES:			
Property taxes	\$ 9,400	\$ -	\$ 9,400
Special assessment levied	15,377	16,176	31,553
Charges for services	6,925	-	6,925
Interest earned	3,959	4,822	8,781
Other revenue	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES	<u>35,661</u>	<u>20,998</u>	<u>56,659</u>
EXPENDITURES:			
General government	15,805	-	15,805
Public works	25,800	-	25,800
Debt service	<u>-</u>	<u>31,714</u>	<u>31,714</u>
TOTAL EXPENDITURES	<u>41,605</u>	<u>31,714</u>	<u>73,319</u>
	<u>(5,944)</u>	<u>(10,716)</u>	<u>(16,660)</u>
OTHER FINANCING SOURCES (USES):			
Transfer from other fund	9,250	-	9,250
Transfer to other fund	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>9,250</u>	<u>-</u>	<u>9,250</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,306	(10,716)	(7,410)
FUND BALANCE - APRIL 1, 2007	<u>110,342</u>	<u>41,287</u>	<u>151,629</u>
FUND BALANCE - MARCH 31, 2008	<u>\$113,648</u>	<u>\$30,571</u>	<u>\$144,219</u>

DALTON TOWNSHIP
Combining Balance Sheet
NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
March 31, 2008

	<u>Cemetery</u>	<u>Middle Lake Street Lighting</u>	<u>Gypsy Moth Suppression</u>	<u>Weed Eradication</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$599	\$65,162	\$15,931	\$7,091
Taxes receivable	<u>-</u>	<u>469</u>	<u>-</u>	<u>-</u>
	<u>\$599</u>	<u>\$65,631</u>	<u>\$15,931</u>	<u>\$7,091</u>
 <u>LIABILITIES AND FUND EQUITY</u>				
Accounts payable	\$ -	\$ 1,299	\$ -	\$ -
Fund balance	<u>599</u>	<u>64,332</u>	<u>15,931</u>	<u>7,091</u>
	<u>\$599</u>	<u>\$65,631</u>	<u>\$15,931</u>	<u>\$7,091</u>

<u>West Lake</u> <u>Weed</u> <u>Eradication</u>	<u>North Lake</u> <u>Weed</u> <u>Eradication</u>	<u>TOTAL</u>
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\$14,259	\$11,436	\$114,478
<u>-</u>	<u>-</u>	<u>469</u>

<u>\$14,259</u>	<u>\$11,436</u>	<u>\$114,947</u>
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\$ -	\$ -	\$ 1,299
<u>\$14,259</u>	<u>\$11,436</u>	<u>113,648</u>

<u>\$14,259</u>	<u>\$11,436</u>	<u>\$114,947</u>
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DALTON TOWNSHIP
Combining Statement of Revenues and Expenditures and Changes in Fund Balance
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
For the Year Ended March 31, 2008

	<u>Cemetery</u>	<u>Street Lighting</u>
REVENUES:		
Property taxes	\$ -	\$ 9,400
Special assessments levied	-	-
Charges for services	6,925	-
Interest earned	32	2,504
Miscellaneous	<u>-</u>	<u>-</u>
TOTAL REVENUES	<u>6,957</u>	<u>11,904</u>
EXPENDITURES:		
General government	15,805	-
Public works	<u>-</u>	<u>15,424</u>
TOTAL EXPENDITURES	<u>15,805</u>	<u>15,424</u>
	<u>(8,848)</u>	<u>(3,520)</u>
OTHER FINANCING SOURCES (USES):		
Transfer from other fund	6,250	-
Transfer to other fund	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>6,250</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,598)	(3,520)
FUND BALANCE - APRIL 1, 2007	<u>3,197</u>	<u>67,852</u>
FUND BALANCE - MARCH 31, 2008	<u>\$ 599</u>	<u>\$64,332</u>

<u>Gypsy Moth Suppression</u>	<u>Middle Lake Weed Eradication</u>	<u>West Lake Weed Eradication</u>	<u>North Lake Weed Eradication</u>	<u>TOTAL</u>
\$ -	\$ -	\$ -	\$ -	\$ 9,400
-	-	8,627	6,750	15,377
-	-	-	-	6,925
668	250	302	203	3,959
-	-	-	-	-
<u>668</u>	<u>250</u>	<u>8,929</u>	<u>6,953</u>	<u>35,661</u>
-	-	-	-	15,805
-	661	6,300	3,415	25,800
-	661	6,300	3,415	41,605
668	(411)	2,629	3,538	(5,944)
-	1,000	1,000	1,000	9,250
-	-	-	-	-
-	1,000	1,000	1,000	9,250
668	589	3,629	4,538	3,306
<u>15,263</u>	<u>6,502</u>	<u>10,630</u>	<u>6,898</u>	<u>110,342</u>
<u>\$15,931</u>	<u>\$7,091</u>	<u>\$14,259</u>	<u>\$11,436</u>	<u>\$113,648</u>

DALTON TOWNSHIP
Statement of Revenues and Expenditures and Changes in Fund Balance -
Budget and Actual
CEMETERY FUND
For the Year Ended March 31, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavorable)</u>
REVENUES:			
Sale of lots	\$ 3,500	\$ 3,140	
	\$(1,860)		
Grave openings	5,000	3,785	285
Interest	<u>10</u>	<u>32</u>	<u>22</u>
TOTAL REVENUES	<u>8,510</u>	<u>6,957</u>	<u>(1,553)</u>
EXPENDITURES:			
Contracted services	6,360	5,960	400
Operating supplies	200	49	151
Utilities	700	807	(107)
Repairs and maintenance	300	609	(309)
Capital outlay	10,000	4,875	5,125
Miscellaneous	<u>950</u>	<u>3,505</u>	<u>(2,555)</u>
TOTAL EXPENDITURES	<u>18,510</u>	<u>15,805</u>	<u>2,705</u>
	(10,000)	(8,848)	1,152
OTHER FINANCING SOURCES (USES):			
Transfer from other fund	<u>10,000</u>	<u>6,250</u>	<u>(3,750)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	-	(2,598)	(2,598)
FUND BALANCE - APRIL 1, 2007	<u>3,197</u>	<u>3,197</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2008	<u>\$ 3,197</u>	<u>\$ 599</u>	<u>\$(2,598)</u>

DALTON TOWNSHIP
Statement of Revenues and Expenditures and Changes in Fund Balance -
Budget and Actual
STREET LIGHTING FUND
For the Year Ended March 31, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavorable)</u>
REVENUES:			
Property taxes	\$20,400	\$ 9,400	\$(11,000)
Interest earned	<u>1,600</u>	<u>2,504</u>	<u>904</u>
TOTAL REVENUES	22,000	11,904	(10,096)
EXPENDITURES:			
Utilities	<u>19,000</u>	<u>15,424</u>	<u>3,576</u>
EXCESS OF REVENUES OVER EXPENDITURES	3,000	(3,520)	(6,520)
FUND BALANCE - APRIL 1, 2007	<u>67,852</u>	<u>67,852</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2008	<u>\$70,852</u>	<u>\$64,332</u>	<u>\$(6,520)</u>

DALTON TOWNSHIP
Statement of Revenues and Expenditures and Changes in Fund Balance -
Budget and Actual
GYPSY MOTH SUPPRESSION FUND
For the Year Ended March 31, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavorable)</u>
REVENUES:			
Interest	\$ 720	\$ 668	\$(52)
TOTAL REVENUES	720	668	(52)
EXPENDITURES:			
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	720	668	(52)
FUND BALANCE - APRIL 1, 2007	<u>15,263</u>	<u>15,263</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2008	<u>15,983</u>	<u>15,931</u>	<u>\$(52)</u>

DALTON TOWNSHIP
Statement of Revenues and Expenditures and Changes in Fund Balance -
Budget and Actual
MIDDLE LAKE WEED ERADICATION FUND
For the Year Ended March 31, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavorable)</u>
REVENUES:			
Interest	<u>\$ 300</u>	<u>\$ 250</u>	<u>\$(50)</u>
TOTAL REVENUES	<u>300</u>	<u>250</u>	<u>(50)</u>
EXPENDITURES:			
Weed spraying	<u>-</u>	<u>661</u>	<u>(661)</u>
TOTAL EXPENDITURES	<u>-</u>	<u>661</u>	<u>(661)</u>
	300	(411)	(711)
OTHER FINANCING SOURCES (USES):			
Transfer from other fund	<u>1,000</u>	<u>1,000</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,300	589	(711)
FUND BALANCE - APRIL 1, 2007	<u>6,502</u>	<u>6,502</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2008	<u><u>\$7,802</u></u>	<u><u>\$7,091</u></u>	<u><u>\$(711)</u></u>

DALTON TOWNSHIP
Statement of Revenues and Expenditures and Changes in Fund Balance -
Budget and Actual
WEST LAKE WEED ERADICATION FUND
For the Year Ended March 31, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavorable)</u>
REVENUES:			
Special assessments levied	\$ 8,700	\$ 8,627	\$ (73)
Interest	<u>150</u>	<u>302</u>	<u>152</u>
TOTAL REVENUES	<u>8,850</u>	<u>8,929</u>	<u>79</u>
EXPENDITURES:			
Weed spraying	<u>4,500</u>	<u>6,300</u>	<u>(1,800)</u>
TOTAL EXPENDITURES	<u>4,500</u>	<u>6,300</u>	<u>(1,800)</u>
	4,350	2,629	(1,721)
OTHER FINANCING SOURCES (USES):			
Transfer from other fund	<u>1,000</u>	<u>1,000</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5,350	3,629	(1,721)
FUND BALANCE - APRIL 1, 2007	<u>10,630</u>	<u>10,630</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2008	<u>\$15,980</u>	<u>\$14,259</u>	<u>\$(1,721)</u>

DALTON TOWNSHIP
Statement of Revenues and Expenditures and Changes in Fund Balance -
Budget and Actual
NORTH LAKE WEED ERADICATION FUND
For the Year Ended March 31, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavorable)</u>
REVENUES:			
Special assessments levied	\$ 6,525	\$ 6,750	\$ 225
Interest	<u>120</u>	<u>203</u>	<u>83</u>
TOTAL REVENUES	<u>6,645</u>	<u>6,953</u>	<u>308</u>
EXPENDITURES:			
Weed spraying	<u>2,200</u>	<u>3,415</u>	<u>(1,215)</u>
TOTAL EXPENDITURES	<u>2,200</u>	<u>3,415</u>	<u>(1,215)</u>
	<u>4,445</u>	<u>3,538</u>	<u>(907)</u>
OTHER FINANCING SOURCES (USES):			
Transfer from other fund	1,000	1,000	-
Transfer to other fund	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,000</u>	<u>1,000</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5,445	4,538	(907)
FUND BALANCE - APRIL 1, 2007	<u>6,898</u>	<u>6,898</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2008	<u>\$12,343</u>	<u>\$11,436</u>	<u>\$ (907)</u>

DALTON TOWNSHIP
Combining Balance Sheet
NON-MAJOR GOVERNMENTAL FUNDS - DEBT SERVICE
March 31, 2008

	<u>Dalson Road</u>	<u>Strand Road</u>	<u>Williamson Sewer</u>	<u>TOTAL</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 76	\$11,006	\$ 6,968	\$18,050
Special assessments receivable	<u>853</u>	<u>27,178</u>	<u>25,872</u>	<u>53,903</u>
	<u>\$929</u>	<u>\$38,184</u>	<u>\$32,840</u>	<u>\$71,953</u>
 <u>LIABILITIES AND FUND EQUITY</u>				
Accounts payable	\$ -	\$ -	\$ 6,850	\$ 6,850
Deferred revenue	-	16,052	18,480	34,532
Fund balance	<u>929</u>	<u>22,132</u>	<u>7,510</u>	<u>30,571</u>
	<u>\$929</u>	<u>\$38,184</u>	<u>\$32,840</u>	<u>\$71,953</u>

DALTON TOWNSHIP
Combining Statement of Revenues and Expenditures and Changes in Fund Balance
NON-MAJOR GOVERNMENTAL FUNDS - DEBT SERVICE
For the Year Ended March 31, 2008

	<u>Dalson Road</u>	<u>Strand Road</u>	<u>Williamson Sewer</u>	<u>TOTAL</u>
REVENUES:				
Interest earned	\$ -	\$ 997	\$ -	\$ 997
Interest on special assessments	70	2,325	1,430	3,825
Special assessments levied	646	9,370	6,160	16,176
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>716</u>	<u>12,692</u>	<u>7,590</u>	<u>20,998</u>
EXPENDITURES:				
Debt service -				
Principal	439	20,000	5,720	26,159
Interest and fiscal charges	<u>70</u>	<u>4,055</u>	<u>1,430</u>	<u>5,555</u>
TOTAL EXPENDITURES	<u>509</u>	<u>24,055</u>	<u>7,150</u>	<u>31,714</u>
	207	(11,363)	440	(10,716)
OTHER FINANCING USES:				
Transfer to other fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	207	(11,363)	440	(10,716)
FUND BALANCE - APRIL 1, 2007	<u>722</u>	<u>33,495</u>	<u>7,070</u>	<u>41,287</u>
FUND BALANCE - MARCH 31, 2008	<u>\$929</u>	<u>\$22,132</u>	<u>\$7,510</u>	<u>\$30,571</u>

DALTON TOWNSHIP
Statement of Revenues and Expenditures and Changes in Fund Balance -
Budget and Actual
DEBT SERVICE FUND - DALSON ROAD
For the Year Ended March 31, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavorable)</u>
REVENUES:			
Interest earned	\$ 1	\$ -	
	\$(1)		
Interest on special assessments	125	70	(55)
Special assessments levied	<u>600</u>	<u>646</u>	<u>46</u>
TOTAL REVENUES	<u>726</u>	<u>716</u>	<u>(10)</u>
EXPENDITURES:			
Debt service -			
Principal	600	439	161
Interest	<u>126</u>	<u>70</u>	<u>56</u>
	<u>726</u>	<u>509</u>	<u>217</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	207	207
FUND BALANCE - APRIL 1, 2007	<u>722</u>	<u>722</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2008	<u>722</u>	<u>\$ 929</u>	<u>\$207</u>

DALTON TOWNSHIP
Statement of Revenues and Expenditures and Changes in Fund Balance -
Budget and Actual
DEBT SERVICE FUND - STRAND ROAD
For the Year Ended March 31, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavorable)</u>
REVENUES:			
Interest earned	\$ 1,200	\$ 997	\$ (203)
Interest on special assessments	2,610	2,325	(285)
Special assessments levied	<u>11,130</u>	<u>9,370</u>	<u>(1,760)</u>
TOTAL REVENUES	<u>14,940</u>	<u>12,692</u>	<u>(2,248)</u>
EXPENDITURES:			
Debt service -			
Principal	15,000	20,000	(5,000)
Interest	<u>4,820</u>	<u>4,055</u>	<u>765</u>
TOTAL EXPENDITURES	<u>19,820</u>	<u>24,055</u>	<u>(4,235)</u>
EXCESS OF REVENUES OVER EXPENDITURES	(4,880)	(11,363)	(6,483)
FUND BALANCE - APRIL 1, 2007	<u>33,495</u>	<u>33,495</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2008	<u>\$28,615</u>	<u>\$22,132</u>	<u>\$(6,483)</u>

DALTON TOWNSHIP
Statement of Revenues and Expenditures and Changes in Fund Balance -
Budget and Actual
DEBT SERVICE FUND - WILLIAMSON SEWER
For the Year Ended March 31, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavorable)</u>
REVENUES:			
Interest on special assessments	\$ 1,848	\$1,430	\$ (418)
Special assessments levied	8,008	6,160	(1,848)
Miscellaneous	<u>2,784</u>	<u>-</u>	<u>(2,784)</u>
TOTAL REVENUES	<u>12,640</u>	<u>7,590</u>	<u>(5,050)</u>
EXPENDITURES:			
Debt service -			
Principal	6,160	5,720	440
Interest	<u>2,936</u>	<u>1,430</u>	<u>1,506</u>
TOTAL EXPENDITURES	<u>9,096</u>	<u>7,150</u>	<u>1,946</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,544	440	(3,104)
FUND BALANCE - APRIL 1, 2007	<u>7,070</u>	<u>7,070</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2008	<u>\$10,614</u>	<u>\$7,510</u>	<u>\$(3,104)</u>

DALTON TOWNSHIP
Combining Balance Sheet
AGENCY FUNDS
March 31, 2008

	<u>AGENCY FUNDS</u>		
	<u>Trust</u>	<u>Tax</u>	
<u>ASSETS</u>	<u>Fund</u>	<u>Collection</u>	<u>TOTAL</u>
Cash	\$10,575	\$2,373	\$12,948
Due from other funds	<u>400</u>	<u>-</u>	<u>400</u>
	<u>\$10,975</u>	<u>\$2,373</u>	<u>\$13,348</u>
 <u>LIABILITIES</u>			
Accounts payable	\$ 4,827	\$1,153	\$ 5,980
Due to other funds	<u>6,148</u>	<u>1,220</u>	<u>7,368</u>
	<u>\$10,975</u>	<u>\$2,373</u>	<u>\$13,348</u>

DALTON TOWNSHIP
Combining Statement of Changes in Assets and Liabilities
AGENCY FUNDS
For the Year Ended March 31, 2008

	Balance <u>April 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>March 31, 2008</u>
<u>ASSETS</u>				
Cash -				
Tax Collection	\$ 7,149	\$7,300,650	\$7,305,426	\$ 2,373
Trust and Agency	7,131	80,248	76,804	10,575
Due from other funds	<u>400</u>	<u>-</u>	<u>-</u>	<u>400</u>
	<u>\$14,680</u>	<u>\$7,380,898</u>	<u>\$7,382,230</u>	<u>\$13,348</u>
 <u>LIABILITIES</u>				
Accounts payable	\$ 1,761	\$ 22,456	\$ 18,237	\$ 5,980
Due to other funds	12,284	878,913	883,829	7,368
Due to other governments	<u>635</u>	<u>6,479,529</u>	<u>6,480,164</u>	<u>-</u>
	<u>\$14,680</u>	<u>\$7,380,898</u>	<u>\$7,382,230</u>	<u>\$13,348</u>

RICHARD B. PARKER, CPA, PC
CERTIFIED PUBLIC ACCOUNTANT
2264 EAST MEINERT
HOLTON, MICHIGAN 49425
231/893-3178

Honorable Supervisor and Members
of the Township Board
Township of Dalton
Muskegon County, Michigan

In planning and performing my audit of the financial statements of the Township of Dalton, Muskegon County, Michigan, for the year ended March 31, 2008, I considered its internal control in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control. However, I noted certain matters involving the internal control and its operation that, in my judgment, could adversely affect the township's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The matters noted are only those that came to my attention and, had my procedures in internal control related matters been more extensive, other matters might have been noted. The functioning of the internal control was assessed at a point in time, and no assurances can be drawn that the internal control is functioning or will continue to function beyond the point in time at which it was assessed. No opinion is being expressed regarding the internal control taken as a whole.

My consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily disclose all matters. In addition, because of inherent limitations in internal control, errors or fraud may occur and not be detected by such controls.

It is the responsibility of the Township's administration and governing body to resolve these matters. I would be pleased to assist the Township in resolving these matters, which would be undertaken as a separate engagement.

PRIOR YEAR COMMENTS AND RESOLUTION:

1. With the information available to me, I could not determine if the Township had confirmed the Strand Road Special Assessment Roll. Resolution #5 concerning this special assessment was approved November 6, 2000, however, a copy of Resolution #5 could not be found.

The Township should determine if the Strand Road Special Assessment has been confirmed. It should then determine the correct amount to be confirmed, because at November 6, 2000 it was thought the resident's share would be approximately \$174,000. However, when the project was completed it was determined the special assessment roll was approximately \$106,000. Any necessary corrections should be made.

RESOLUTION - None.

PRIOR YEAR COMMENTS AND RESOLUTION (CONTINUED):

2. The Township Ordinance regarding medical insurance coverage and pension for "retired" Township officials and employees does not define "medical insurance coverage" or "retiree". In the past it was used to pay medical insurance premiums. However, it is now being used to cover dental and vision insurance premiums.

The Township should determine, and define, what it considers "medical insurance coverage" and "retiree".

RESOLUTION - The township has revised this ordinance. The revised version provided to me appears to be clear as to the definition of medical insurance, however it does not appear to be clear as to the definition of a "retiree".

3. The Township did not confirm the Williamson Road Sewer Special Assessment roll.

The township should request a legal opinion concerning the propriety of the Williamson Road Sewer Special Assessment roll.

RESOLUTION - None

4. During the audit of March 31, 2003 it was noted that the township paid approximately \$2,800 for private road maintenance.

The township should not pay to maintain private roads because they are not township property.

RESOLUTION - The township has obtained a legal opinion concerning the maintenance of private roads and will comply with that opinion.

5. During the year ended March 31, 2004 several duplicate payments were noted. This occurred because one payment was made from an invoice and the other was made from a statement. Most overpayments were subsequently credited to the Township, however, it could not be determined if one vendor did credit the overpayment to the township's account.

Only original invoices should be paid. Payments should not be authorized from statements or, except in rare instances, copies of invoices. Invoices should also be examined for a previous, unpaid balance.

RESOLUTION - Please see current year comment number 7 below.

6. The Township has not distributed trailer park fees and delinquent personal property taxes collected in a timely manner to other various units of local government.

The Township should distribute trailer park fees and delinquent personal property taxes as they are collected.

RESOLUTION - Trailer park fees and delinquent personal property taxes are being paid however, this matter is not completely resolved and more work is required on this matter.

PRIOR YEAR COMMENTS AND RESOLUTION (CONTINUED):

7. It was noted that third party billing in the Fire Operating Fund was significantly lower in the fiscal year ended March 31, 2005 than provided in the budget and also when compared to the two previous fiscal years.

The Township Board should request an explanation for this decrease.

Please see current year comment number 1 below for further discussion of Fire Department Third Party Billing

RESOLUTION - None.

8. At March 31, 2006, the General Fund's general ledger account for cash in the payroll bank account required a negative adjustment of approximately \$14,000 to agree with the bank reconciliation.

The activity in the payroll bank account should be reconciled to the general ledger activity each month. Any variances should be corrected immediately.

The Township Board should request an explanation for this adjustment.

RESOLUTION- None. The Township Board did not request an explanation as to why this adjustment was necessary.

9. During the year ended March 31, 2007 the General Fund and the Fire Operating Fund, by virtue of cost sharing, overpaid an invoice for insurance premium by approximately \$1,100.00.

Subsequent to March 31, 2007, the Township has requested a refund of the over payment from the insurance company.

The Township should more carefully review its expenditures so as to avoid an incident of overpayment in the future.

RESOLUTION-The Township received a refund of \$1,103.00

10. During the year ended March 31, 2007 the North Lake Weed Fund paid the General Fund 1,500.00 As repayment of a loan. However, the General Fund did not show such amount due from the North Lake Weed Fund, indicating that a loan had not been made from the General Fund or that a loan was made but not properly accounted for.

If the Township does make such a loan, it should be properly accounted for in both funds involved.

RESOLUTION-No such loans were noted during the year ended March 31, 2008.

11. Several of the above comments have been noted in the past without resolution.

The Township Board should take the necessary steps to resolve each comment.

CURRENT YEAR COMMENTS:

1. The Township Fire Department's system for "third party" billing, accounts receivable and collections should be improved. The system should also be monitored by an employee or official not involved with the billing or collections. A detail of the accounts receivable is not readily available at any given time.

2. It was noted that some of the checks written from the Fire Operating Fund for expenses shared with the General Fund did not have a copy of the shared invoice attached to the file copy of the check. Copies of paid invoices for shared expenses should be attached to the file copy of the check in the Fire Operating Fund and the original invoice should be filed in the General Fund.

It was also noted that several file copies of checks, that are not shared expenses with any fund, did not have an original invoice attached. Only in rare instances should a copy of an invoice be used as documentation of an expenditure such as referred to above.

3. Paid invoices are not marked as being paid. All invoices and all attached documentation should be defaced in such a manner so as to prevent subsequent use or payment.
4. It appears that there are violations of the Township's credit card policy.

All credit card statements do not include original documentation of the purchases indicated.

The credit card policy also requires that payment of the statement be made within thirty days. Various statements include late charges which indicate that statements are not paid by the due date.

Credit card statements also include "over limit" fees.

5. All advances or reimbursements for expenses to all employees or officials should be documented by an expense report and all paid receipts should be attached. Notes on pieces of paper without any documentation should not be paid.
6. During the current year it was noted that certain funds pay expenses for another fund when the other fund may not have enough money at the time the invoice is due. The Board should approve, in advance, any such interfund loans.
7. Sufficient documentation to support various payments to vendors is not present in many cases.

Previous balances on an invoice are of particular concern. Many invoices with previous balances are paid without any documentation as to the propriety of the previous balance. All invoices should be examined for a previous balance. It should be determined whether any previous balance has already been paid.

It should also be determined that proper documentation is available prior to the issuance of any check.

8. During the current year it was noted that checks were written from the Sewer Fund to the General Fund to reimburse for various legal expenses. No documentation was available for these reimbursements.

All expenditures should be documented.

9. Special assessments receivable are not properly accounted for.

At any given time an accurate detail schedule of the special assessment receivable should be available for review and that detail should agree with the accounting records.

Collections on the special assessment receivable are not recorded properly in the accounting records.

The special assessment receivable for all special assessment districts should be reviewed and compared and reconciled to the accounting records at least monthly.

CURRENT YEAR COMMENTS (CONTINUED):

10. The employee wages reported on the quarterly payroll tax returns does not reconcile to the Township's general ledger.

The Township should ensure that employee wages indicated on quarterly payroll tax returns reconciles to the general ledger.

This report is intended solely for the information and use of the Township Board, and the Michigan Department of Treasury and is not intended to be and should not be used by anyone other than these specified parties.

Richard B. Parker, CPA, PC

Richard B. Parker, CPA, PC
Holton, Michigan

September 22, 2008

RICHARD B. PARKER, CPA, PC
CERTIFIED PUBLIC ACCOUNTANT
2264 EAST MEINERT
HOLTON, MICHIGAN 49425
231/893-3178

The Honorable Supervisor and Members
of the Township Board
Township of Dalton
Muskegon County, Michigan

In planning and performing my audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Dalton Township as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, I considered Dalton Township's internal control over financial reporting (internal control) as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, I do not express an opinion on the effectiveness of the Township's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, I identified certain deficiencies in internal control that I consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. I believe that the following deficiencies constitute material weaknesses:

- Material misstatements were identified in the financial statements for the fiscal year ended March 31, 2008 that were not identified by the Township's internal control and adjusting entries were required to ensure the financial statement presentation was in conformity with U.S. generally accepted accounting principles.
- The Township does not have procedures in place to prepare financial statements in accordance with U.S. generally accepted accounting principles, including procedures to record revenue and expenditure accruals, and changes in capital assets, and to present required financial statement disclosures.

In addition, I noted other matters involving internal control and its operation that I have reported to the management of Dalton Township in a separate letter.

It is the responsibility of the Township's administration and governing body to resolve these matters. I would be pleased to assist the Township in resolving these matters, which would be undertaken as a separate engagement.

This communication is intended solely for the information and use of management, the Township Board, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Richard B. Parker, CPA, PC

Richard B. Parker, CPA, PC
Holton, Michigan

September 22, 2008

RICHARD B. PARKER, CPA, PC
CERTIFIED PUBLIC ACCOUNTANT
2264 EAST MEINERT
HOLTON, MICHIGAN 49425
231/893-3178

September 22, 2008

The Honorable Supervisor and Members
of the Township Board
Township of Dalton
Muskegon County, Michigan

I have audited the financial statements of the financial statements of Dalton Township for the year ended March 31, 2008, and have issued my report thereon dated September 22, 2008. Professional standards require that I provide you with the following information related to my audit.

My Responsibilities under U.S. Generally Accepted Auditing Standards and Government Auditing Standards

As stated in my engagement letter dated February 5, 2008, my responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. My audit of the financial statements does not relieve you or management of your responsibilities.

As part of my audit, I considered the internal control of Dalton Township. Such considerations were solely for the purpose of determining my audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of Dalton Township's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of my tests was not to provide an opinion on compliance with such provisions.

My responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

Planned Scope and Timing of the Audit

I performed the audit according to the planned scope and timing previously communicated to you in my engagement letter.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of my engagement letter, I will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Dalton Township are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended March 31, 2008. I noted no transactions entered into by the Township during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The Honorable Supervisor and Members
Of the Township Board
Township of Dalton
September 22, 2008
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Difficulties Encountered in Performing the Audit

I encountered no significant difficulties in dealing with management in performing and completing my audit. However, I was not able to obtain sufficient documentation in connection with various legal fee reimbursements from inside and outside sources.

Corrected and Uncorrected Misstatements

Professional standards require me to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, some of the misstatements detected as a result of audit procedures and corrected by management were material.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to my satisfaction, that could be significant to the financial statements or the auditor's report. I am pleased to report that no such disagreements arose during the course of my audit.

Management Representations

I have requested certain representations from management that are included in the management representation letter dated September 22, 2008

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the corporation's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, professional standards require the consulting accountant to communicate with me to determine that the consultant has all the relevant facts. To my knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Township's auditor. However, these discussions occurred in the normal course of my professional relationship and my responses were not a condition to my retention.

This information is intended solely for the use of the Township Board and management of Dalton Township and is not intended to be and should not be used by anyone other than these specified parties.

Richard B. Parker, CPA, PC

Richard B. Parker, CPA, PC
Holton, Michigan